

# Exhibit 3

1 UNITED STATES DISTRICT COURT  
2 WESTERN DISTRICT OF WASHINGTON AT SEATTLE

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4 Microsoft Corporation, et al.,  
5 Plaintiffs, NO. C10-1823JLR  
6 v. TELEPHONE CONFERENCE  
7 Motorola, Inc., et al., SEATTLE, WASHINGTON  
8 Defendants. July 9, 2012

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10 VERBATIM REPORT OF PROCEEDINGS  
11 BEFORE THE HONORABLE JAMES L. ROBART  
12 UNITED STATES DISTRICT JUDGE

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14 APPEARANCES:

15 For the Plaintiffs: Arthur Harrigan

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17 For the Defendants: Ralph Palumbo  
18 Jesse Jenner

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20 Reported by: Denae Hovland, RPR, RMR, CRR  
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24 Proceedings recorded by mechanical stenography, transcript  
25 produced by Reporter on computer.

1 that would provide a need to amend expert reports or file new  
2 expert reports, obviously we can take that up at the time. But,  
3 again, while we don't see the need, that's clearly within your  
4 discretion to decide.

5 With respect to the terms that you would decide at a trial,  
6 if you go forward and make the decision that this is a contract  
7 on open terms and that the court can decide those terms, the  
8 terms that we believe you should decide are all "material" terms.  
9 We will have a disagreement with Microsoft with respect to  
10 whether there are terms in addition to the royalty that are  
11 material. We think there is a good deal of factual support in  
12 this case, including admissions by Microsoft that there are other  
13 e-terms in these agreements, but that is an issue that we and  
14 Microsoft can breach, and it's not a hundred terms, but we think  
15 there are more material terms that would be common in RAND  
16 license agreements than merely the royalty, but we can leave that  
17 issue for briefing and argument on a separate day. So you would  
18 have to decide, if you go forward, to actually set the terms of a  
19 RAND license, you would need to decide only which terms are  
20 material, and then what each of those material terms would be.

21 MR. HARRIGAN: Your Honor, with respect to the expert  
22 issue, my primary concern is the damages aspect of it, which  
23 involves, among other things, figuring out what it costs to  
24 dismantle Microsoft facilities in Germany in anticipation of an  
25 injunction. It's a lot of work. There are going to be

1 depositions about it. There are probably going to be motions  
2 about it, and there is no reason -- we suggest that there is no  
3 reason for anybody to be working on that within the current  
4 compressed schedule for getting the RAND case ready.

5 THE COURT: Thank you. The ruling of the court is as  
6 follows:

7 First, let me reaffirm that the breach of contract trial  
8 will occur at a later date, and I don't need to wait until  
9 Friday, because Motorola has announced that they want that trial  
10 to be a jury trial. So that's helpful. Thank you, gentlemen.

11 I authorize Motorola to file its motion. Be advised that  
12 the opinion of the Court may be rather savage on what is going on  
13 here, but since both sides seem intent on trying this case in the  
14 newspapers, leaking settlement discussions and putting out press  
15 releases, we'll give you something more to chew on.

16 I will tell you that the operating assumption of the court  
17 as to right now is that Motorola, when it contracted for industry  
18 standard patent status, obligated itself to make an offer on RAND  
19 terms for a license to the patents that are covered, the H264 and  
20 the 802.11 patents; that Microsoft has accepted that offer on  
21 RAND terms, and what the court is doing is determining what those  
22 RAND terms are.

23 In terms of expert reports on both breach and damages, they  
24 are not called for at this time and they may be filed in  
25 accordance with the schedule that the court puts out in regards

1 to the subsequent trial that we will be conducting.

2 Does that clarify everyone's situation at this time?

3 Mr. Palumbo?

4 MR. PALUMBO: It does, Your Honor. Thank you. I  
5 didn't anticipate that you would be pleased with this, but again,  
6 we feel the obligation to do it, and I apologize that we haven't  
7 come to grips with this sooner in time.

8 THE COURT: Well, frankly it is consistent with  
9 Motorola's approach to this litigation, which is to delay at all  
10 possible costs and to back-track if they can get away with it,  
11 so -- but I await your motion. Both sides have been warned that  
12 heavy monetary sanctions may be imposed on the law firms and the  
13 parties bad faith or abusive conduct in the litigation will be  
14 punished by equitable remedies going to the industry standard  
15 patents. That is why I am requiring the parties, in addition to  
16 the lawyers, to sign the pleadings.

17 Mr. Harrigan?

18 MR. HARRIGAN: Nothing here, Your Honor.

19 THE COURT: Thank you, counsel. We'll be in recess.  
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CERTIFICATE

I, Denae L. Hovland, Official Court Reporter, do hereby  
certify that the foregoing transcript is true and correct.

/S/Denae L. Hovland

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Denae L. Hovland